Use of force for recovery of loans

371. SHRI C. RAMACHANDRAIAH: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that a franchise recovery wing of a private bank was responsible for the death of a Government employee in Hyderabad;

(b) if so, whether any measures are being taken/proposed to be taken to restrain the private banks in adopting coercive measures to recover the outstanding advances from the loanees;

(c) if so, provide the details of the guidelines issued by the RBI for the purpose and the action taken against the delinquent elements of the banks; and

(d) if not, explain the reasons therefor?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL): (a) A borrower of ICICI Bank Ltd. Shri Y. Yadiah, collapsed in the office of a collection agent of the bank, and died. The bank and its agency officials have categorically denied having touched or hurt the borrower in any way. However, the cause of death of Shri Yadiah has not been ascertained so far.

(b) to (d) Reserve Bank of India has issued guidelines on Fair Practices Code for Lenders on 5th May, 2003 whereby the lenders are prohibited from resorting to means causing undue harassment of the customers for recovery of their dues such as persistently bothering the borrowers at odd hours, use of muscle power for recovery of loans, making threatening calls, etc. Further, Indian Banks' Association has issued a "Model Code for collection of dues and repossession of security" to be followed by its member banks to maintain dignity and respect of the customers in their Debt Collection Policy and not to follow policies that are unduly coercive in collection of their dues. The Banking Codes and Standards Board of India.(BCSBI) has been set up to plan, evolve, prepare, develop, promote and publish voluntary comprehensive codes and standards for banks for providing fair treatment to their customers.

Further, RBI has also issued Master Circular on credit card operations of the banks on 02.07.2007 advising banks/NBFCs/their agents not to resort to intimidation or harassment of any kind, either verbal or physical, against any person in their debt collection efforts.

Hawala route for NRI income

372. SHRI C. RAMACHANDRAIAH: Will the Minister of FINANCE be pleased to state:

(a) whether the Ministry has come across any strong indication that a part of the NRI income is taking the hawala route and are entering into the country's burgeoning real estate sector;

(b) if so, whether any steps have been initiated to contain the above development:

c) if so, what has been the outcome of the measures taken-upto discourage the diversion of foreign exchange; and